

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Examine the
Commission's Future Energy Efficiency Policies,
Administration, and Programs.

Rulemaking 01-08-028
(Filed August 23, 2001)

**ADMINISTRATIVE LAW JUDGE'S RULING
GRANTING THE JOINT MOTION OF THE CITY OF SAN FRANCISCO
AND PACIFIC GAS AND ELECTRIC COMPANY FOR RECONSIDERATION
OF AUGUST 20, 2003 ADMINISTRATIVE LAW JUDGE RULING**

This ruling grants the Joint Motion of Pacific Gas and Electric Company (PG&E) and the City and County of San Francisco (CCSF) to reconsider the ruling of the administrative law judge (ALJ) dated August 20, 2003.

Background

On June 10, 2003, PG&E and CCSF submitted a program implementation plan (PIP) describing the budget and elements they propose for an energy efficiency pilot program. They submitted the program implementation plan (PIP) pursuant to Decision (D.) 03-04-055, in which the Commission granted the request of PG&E and the CCSF to spend \$16.3 million on energy efficiency programs in San Francisco.

By ruling of the ALJ, the Commission approved the PIP, with modifications and conditions, on August 20, 2003. Specifically the ruling approved the PIP contingent on modifications to it as follows:

- Incentive levels shall not exceed 150% of those approved for PG&E's comparable statewide programs until and unless PG&E

can demonstrate to Energy Division staff that higher levels are required to motivate customer participation;

- For screw-in compact fluorescent lamps (CFLs), cost-effectiveness estimates may assume only those energy savings associated with installations made by PG&E and CCSF;
- PG&E and CCSF shall modify the PIP to include installations of permanent socket modifiers for at least half of the CFLs they intend to install; and
- Administrative overheads may not exceed 20% and all related administrative costs must be actual and accounted for.

PG&E and CCSF's joint motion (Joint Motion) seeks relief from certain of these requirements, arguing that they will reduce program cost-effectiveness and may create barriers to customer acceptance of certain program elements. No party opposed the joint motion.

Permanent Socket Modifiers

The August 20, 2003 ALJ ruling required that one half of CFL installations include the installation of permanent socket modifiers so that customers would not revert to incandescent lamps at a later date. The concern this requirement intended to address was the PIP's assumption that customers would install CFLs in the future.

The Joint Motion argues that the ALJ ruling's requirement that half of CFLs include permanent socket modifiers is unrealistic. It states experience with socket modifiers suggests they present safety risks and, because they are not standardized, create barriers to customer acceptance. They propose to eliminate this element of the modified PIP and to educate customers and monitor the acceptance of the CFLs past the original installation. CCSF and PG&E state they have reduced reliance on CFLs to achieve projected energy savings from the

program in order to address concerns that CFL savings were overstated in their original forecast.

The Joint Motion demonstrates good cause to modify the August 20, 2003 ruling that requires the installation of permanent socket modifiers. This ruling removes that condition of the PIP's approval.

Rebate Levels

The August 20, 2003 ALJ ruling limited rebate level increases to 150% of levels already approved by the Commission. The limitation was intended to address a concern that the PIP did not demonstrate that higher rebate levels are necessary and would unnecessarily draw down available energy efficiency program funds.

The Joint Motion argues that the rebate levels originally proposed were developed after analysis of electricity usage patterns in San Francisco during the City's two peak periods, which present different circumstances than those in other parts of the state and upon which the Commission has relied to set existing rebate levels. The Joint Motion suggests an urgent need to encourage customer participation broadly and quickly. CCSF and PG&E suggest monitoring program costs and success at the higher rebate levels and consult with Commission staff every month on the need for changes. Energy Division staff raises concerns that cost-effectiveness calculations in Attachment A do not conform to current methods. This ruling will require PG&E to work with Energy Division to assure those calculations are accurate and that final program evaluations demonstrate cost-effectiveness. This ruling will also direct PG&E and CCSF to provide monthly reports to Commission staff that demonstrate cost-effectiveness of rebates at the higher levels and assuming most current methods.

The Joint Motion demonstrates good cause to modify the August 20, 2003 ruling that requires rebate levels to be no greater than 150% of existing approved levels. This ruling removes that condition of the PIP's approval.

IT IS RULED that:

1. For good cause shown, the Joint Motion of the City and County of San Francisco (CCSF) and Pacific Gas and Electric Company (PG&E), dated September 23, 2003, is granted as set forth herein.
2. The Administrative Law Judge (ALJ) Ruling dated August 20, 2003 is amended to remove the requirement that the energy efficiency program conducted by CCSF and PG&E include installations of permanent socket modifiers.
3. The ALJ Ruling dated August 20, 2003 is amended to remove the requirement that the energy efficiency program conducted by CCSF and PG&E limit rebates to 150% of those levels already approved for specified program elements and technologies.
4. CCSF and PG&E shall, within ten days, consult with Energy Division staff to assure the accuracy of calculations in Attachment A of the September 23, 2003 Joint Motion, consistent with current methodologies.
5. CCSF and PG&E shall, beginning December 1, 2003, submit monthly reports to Energy Division staff either demonstrating the cost-effectiveness of rebate levels or proposing changes to rebates to levels that are cost-effective.

Dated October 16, 2003, at San Francisco, California.

/s/ KIM MALCOLM
Kim Malcolm
Administrative Law Judge

CERTIFICATE OF SERVICE

I certify that I have by mail, and by electronic mail to the parties to which an electronic mail address has been provided, this day served a true copy of the of the original attached Administrative Law Judge's Ruling Granting the Joint Motion of the City of San Francisco and Pacific Gas And Electric Company For Reconsideration of August 20, 2003 Administrative Law Judge Ruling on all parties of record in this proceeding or their attorneys of record.

Dated October 16, 2003, at San Francisco, California.

/s/ JANET V. ALVIAR

Janet V. Alviar

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.